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CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
17 October 1966

NSA review completed

State Department review
completed

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HIGHLIGHTS

Southern ministers involved in the so-called cabinet crisis appear to be taking full advantage of the remaining days before the Manila Conference to try to force Premier Ky into granting them some sort of major concession in regard to police director Loan. Allied air, sea, and ground forces struck a Viet Cong supply flotilla yesterday in the Mekong Delta, destroying some 121 sampans.

I. The Military Situation in South Vietnam:
Allied air, sea, and ground forces struck a Viet Cong flotilla yesterday, destroying 121 supply-laden sampans (Para. 1). A Viet Cong mine exploded near US billets the morning of 17 October killing two and wounding nine (Para. 2). A daring sabotage attack by a Viet Cong on the Phan Rang Air Base destroyed three of the four pumps at the base's POL facility (Para. 3).

II. Political Developments in South Vietnam:
Pressures on Premier Ky to resolve the so-called cabinet crisis in favor of the southerners before the Manila Conference are intensifying (Paras. 1-2). The president of the Confederation of Labor recently outlined his plans to form a political party (Paras. 5-6). A new council of the Buddhist Institute will be chosen at a national congress on 21 October (Paras. 7-9).

III. North Vietnamese Military Developments:
There is nothing of significance to report.

IV. Other Communist Military Developments:
There is nothing of significance to report.



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Soviet economic aid will total over \$110 million
--presumably for 1967--according to the North Viet-
namese News Agency representative in Cambodia
(Para. 4).

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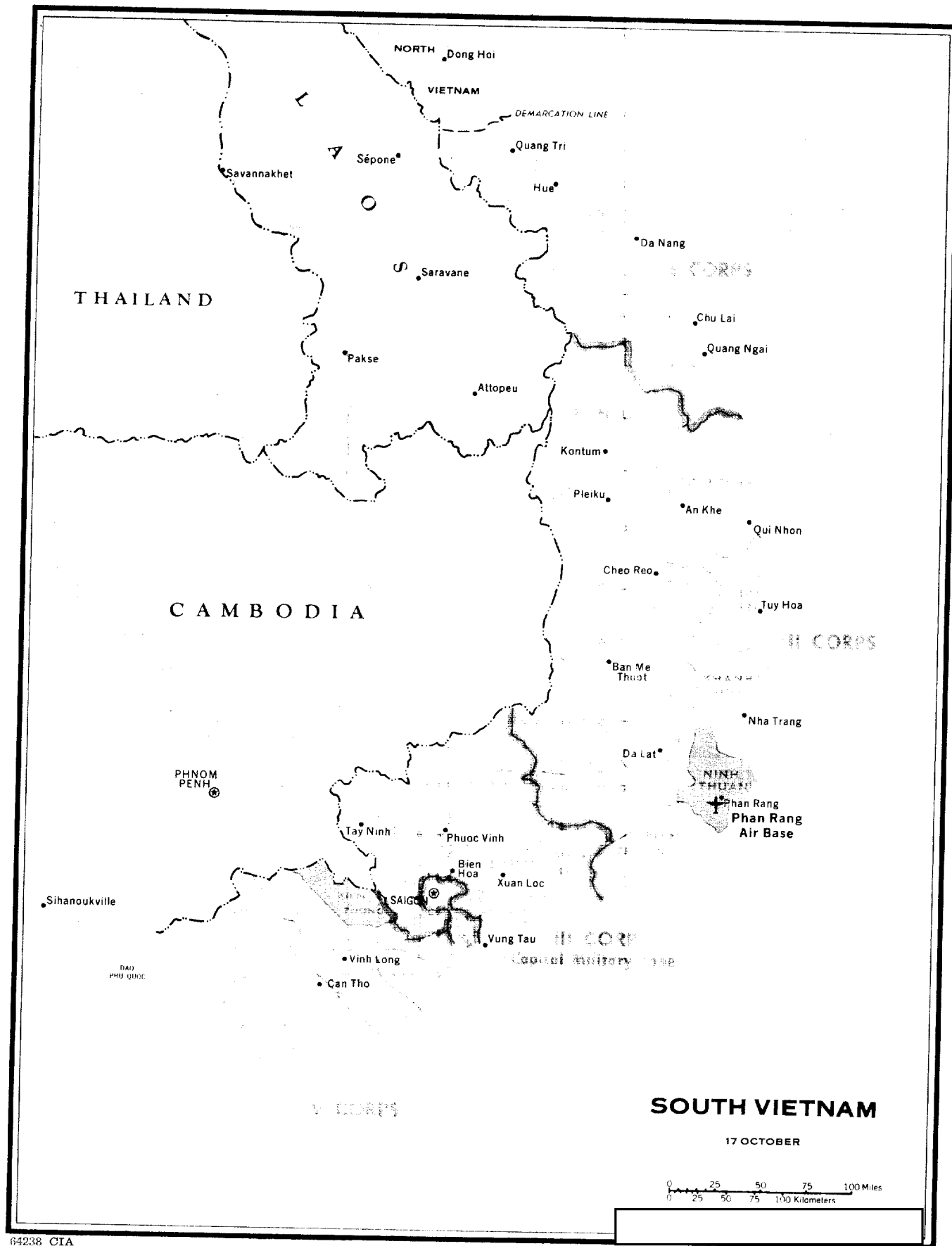
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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. American and South Vietnamese ground, air, and naval forces struck a Viet Cong fleet of nearly 200 supply-loaded sampans on 16 October on inland waterways of the Mekong River in an area about 55 miles southwest of Saigon. The South Vietnamese Army force, part of a search-and-destroy operation in Kien Tuong Province, called for assistance when the enemy flotilla was initially discovered. US and South Vietnamese armed helicopters and patrol boats responded and sank 121 of the enemy sampans. A total of 25 Viet Cong were reported killed and 17 captured. There were no friendly losses.

2. Viet Cong guerrillas exploded a claymore-type mine between two American billets in Saigon early the morning of 17 October. One American was killed and seven wounded by the blast. One South Vietnamese civilian was also killed and two others wounded. This is the first terrorist attack against US housing facilities in Saigon since early May. The Viet Cong "Liberation Radio" has urged the launching of a special terrorist campaign to commemorate the execution of a terrorist who attempted to assassinate Secretary McNamara in 1964.

3. The POL pumping station which furnishes fuel to the Pham Rang Air Base in coastal Ninh Thuan Province was attacked on 16 October by a single Viet Cong agent. The agent ran up to the perimeter of the field and hurled two explosive charges into the fuel pumping area. Two Americans were killed and two others wounded in the explosion and fire that followed. Three of the four pumps were destroyed. A seven-day supply of fuel is available for the 100 US aircraft based at Phan Rang. Replacement pumps are being sent from Cam Ranh Bay.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. Southern ministers involved in the so-called cabinet crisis appear to be taking full advantage of the remaining days before the Manila Conference to try to force Premier Ky into granting them some sort of major concession in regard to police director Loan. They reportedly fear that their case against northern influence will not have the impact after the conference that it has now.

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Various press sources have indicated that 11 of 12 southern-oriented cabinet secretaries of state or ministers have petitioned Ky in regard to General Loan's dictatorial activities.

2. Opposition to the Ky government appears to be aimed at Ky's close associates rather than at Ky himself. The primary subjects of criticism are police director Loan and his brother-in-law Van Van Cua, the mayor of Saigon. Ky's political advisers, Bui Diem and Dinh Trinh Chinh, have also reportedly been singled out lately along with the commander of III Corps, General Le Nguyen Quang, for criticism from the more extremist southern elements who are sympathetic with the group of resigning cabinet ministers.

Catholic View of Cabinet Crisis

3. Father Nguyen Quang Lam, in a recent conversation with an embassy official, expressed his concern over the present "crisis" within the cabinet. Lam, a northern Catholic political figure, is close to the prime minister and Minister of Youth Vo Long Trieu. Lam believes that the six ministers who

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provoked the crisis were wrong to have done so, but he also does not condone General Loan's highhanded methods which caused the trouble. Lam did not believe that all six of the ministers would resign in any showdown with the government since some have come to like being ministers too much. Among those who might not resign were Nguyen Luu Vien and Vo Long Trieu.

4. Lam was queried about whether the recent declaration of the liaison office of the Saigon archbishopric, which in part touched on the matter of illegal arrests, did not constitute support for the six ministers against the government. He replied that the church had no intention of supporting the six, but was only apprehensive about the development of a "police state," especially since the many Catholics arrested in November 1963 after the coup against Diem were still imprisoned.

Labor Developments

5. Tran Quoc Buu, president of the Vietnamese Confederation of Labor (CVT), recently indicated in a press interview that he hopes to create a political party next year which would help to prevent the government from becoming a police state. Buu, according to the article, singled out General Nguyen Ngoc Loan as trying to create a police state.

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6. Buu is continuing his efforts to form a bloc within the Constituent Assembly which will ensure that the new constitution will protect the rights of labor. He is counting on a hard core of 14 "friends" within the assembly and hopes that these will eventually form a larger grouping.

Buddhist Institute Developments

7. Thich Ho Giac, a close associate of Thich Tam Chau, told embassy officials that the resignations of all members of the Buddhist Council have

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been tendered to the supreme patriarch, Thich Thinh Khiet. A new council is to be chosen at the extraordinary Buddhist congress scheduled for 21 October. Khiet has confirmed both the resignations and the call for a convocation of the congress. There is now some speculation in the Saigon press that Thich Tam Chau has threatened to withdraw his resignation if other council members continue to refuse to attend council meetings.

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9. Speaking of the effects of the current cabinet "crisis" on the internal struggle of the Buddhist Institute, Ho Giac indicated that when the GVN is strong and stable it helps Tam Chau, but the present situation is strengthening the hand of the militants. The present crisis also tends to erode Chau's support among the southern clergy in the Institute since he is a northerner, and therefore closely identified with Ky in the minds of many of the southern monks.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. There is nothing of significance to report.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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Soviet Aid

4. The North Vietnamese News Agency representative in Cambodia has reported that the new Soviet economic aid agreement will total \$110 million over an unspecified period of time. The figure is a reasonable estimate of probable Soviet economic aid deliveries in 1967. Soviet economic aid deliveries in 1965 were probably in excess of \$50 million and may well near \$100 million in 1966.

Civil Defense Measures in the DRV

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6. The AFP correspondent in North Vietnam, Jean Raffaelli, and his replacement, Jacques Moalic, in a 14 October dispatch from the port of Haiphong, reported that more than half of that city's population had been evacuated with only essential personnel remaining. Those left behind, in addition to carrying out factory work in a "business as usual" fashion, are also charged with undertaking civil defense work. This is the first report of any significant effort to evacuate the port city of Haiphong, but the AFP correspondent has been known to exaggerate reports of this nature before.

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